

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LICKING VALLEY )  
RURAL ELECTRIC COOPERATIVE CORPORATION ) Case No. 2020-00338  
FOR A GENERAL ADJUSTMENT OF RATES )  
PURSUANT TO STREAMLINED PROCEDURE PILOT )  
PROGRAM ESTABLISHED IN CASE NO. 2018-00407 )

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**ATTORNEY GENERAL’S FIRST REQUEST FOR INFORMATION  
TO LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION**

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Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and submits his First Request for Information to Licking Valley Rural Electric Cooperative Corporation (hereinafter “Licking Valley RECC” or the “Company”) to be answered by February 11, 2021, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the

preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout, which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings;

calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

DANIEL J. CAMERON  
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*Certificate of Service and Filing*

Pursuant to the Commission's Orders dated March 16, 2020 and March 24, 2020, in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on January 27, 2021, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding. Further, the Attorney General will submit the paper originals of the foregoing to the Commission within 30 days after the Governor lifts the current state of emergency.

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This 27<sup>th</sup> day of January, 2021.



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Assistant Attorney General

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

1. Refer to the Application, page 1, in which Licking Valley RECC states that it provides electric power to approximately 17,272 members in the Kentucky counties of Breathitt, Elliott, Lee, Magoffin, Menifee, Morgan, Rowan, and Wolfe.

- a. Provide a detailed account of the economic issues that the above-referenced counties were suffering from before the COVID-19 pandemic.
- b. Provide a detailed account of the economic situation that the above-referenced counties are battling during the COVID-19 pandemic.
- c. Based upon the most recent United States Census information, the poverty rates for Licking Valley RECC's service area are as follows:

Breathitt County – 29.2%

Elliott County – 27.7%

Lee County – 34.9%

Magoffin County – 29.4%,

Menifee County – 26.1%

Morgan County – 26.5%

Rowan County – 23.3%

Wolfe County – 30.1% <sup>1</sup>

Confirm that Licking Valley RECC is aware of the extreme poverty that exists in its service territory.

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<sup>1</sup> <https://www.census.gov/quickfacts/fact/table/KY,US/PST045219>

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- d. Explain in detail whether Licking Valley RECC has experienced a higher amount of uncollectible bills/accounts during the COVID-19 pandemic.
  - e. Taking into account the economic issues that were present in Licking Valley Electric's service area before the COVID-19 pandemic, and the exacerbated economic issues that the COVID-19 pandemic has caused in the counties that the Company serves, explain how Licking Valley RECC's customers will be able to afford an increase in electric rates.
2. Refer to the Application, page 2. Licking Valley RECC asserts that its existing rates went into effect on March 1, 2017, and since that time Licking Valley RECC's costs have increased at a greater rate than its energy sales and revenue despite management supervision to minimize cost escalation.
- a. Provide a list of all pro forma adjustments, the monetary amount of each adjustment, and a description of why each adjustment is being requested.
  - b. Explain in detail why costs have increased more than energy sales.
  - c. Explain in detail and provide all examples of how management has attempted to minimize cost escalation.
  - d. Licking Valley RECC is requesting to achieve a Times Interest Earned Ratio ("TIER") of 1.38, and an Operating Times Interest Earned Ratio ("OTIER") of 1.30.
    - i. Confirm that a TIER of 1.38 and an OTIER of 1.30 is reasonable and will ensure that Licking Valley RECC can provide safe and reliable service to its customers.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- e. In the final Order of Case No. 2016-00174, Licking Valley RECC requested a TIER of 2.25, but the Commission denied the request and instead granted a TIER of 2.00. If not constrained by the Streamlined Procedure Pilot Program, explain whether Licking Valley RECC would have asked for a TIER of 2.00 or higher.
- f. Provide the TIER and OTIER that are required by all loan contract terms.
- g. Confirm or deny that normally loans that an RECC enters into only requires a TIER of 1.25. If denied, explain in full detail what TIER is generally required.
- h. If (g) is confirmed, then provide the justification in requesting a higher TIER than what is required by the loan contract terms.
- i. If Licking Valley RECC is requesting a TIER and OTIER that is higher than the loan contract requirements, explain why it is making such requests.
- j. Explain how Licking Valley RECC utilizes the additional funds that the Commission awards that is above and beyond the required TIER and OTIER amounts per the loan contract terms, and how Licking Valley RECC accounts for these funds.
- k. Provide Licking Valley RECC's TIER and OTIER for the historical test period ending December 31, 2019.
- l. Provide Licking Valley's TIER and OTIER for January 1, 2020 – December 31, 2020.
- m. Provide Licking Valley RECC's TIER and OTIER from January 1, 2021 – the present day.



Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- n. Explain why Licking Valley RECC is seeking to increase the monthly residential customer charge from \$14.00 to \$17.09, which is an approximate increase of 22.07%.
  - o. Did Licking Valley RECC contemplate implementing the proposed higher customer charge in two phases instead of a 22.07% increase at one time?
  - p. Did Licking Valley RECC contemplate proposing the requested revenue increase on the residential customer energy charge instead of exclusively on the residential customer charge?
3. Refer to the Application, page 4.
- a. Licking Valley RECC states that its existing retail rates do not provide sufficient revenue to ensure the requisite financial strength going forward.
    - i. Explain the criteria Licking Valley RECC uses to determine if the retail rates provide sufficient revenue.
    - ii. Explain the criteria Licking Valley RECC uses to determine if it has the requisite financial strength.
  - b. Licking Valley RECC avers that its goal is to keep rates as low as possible for its members. Provide a list of all electric utilities in Kentucky, with the corresponding monthly residential customer charge, residential volumetric charge, average bill, and rank the utilities from lowest to highest average bill. Ensure to provide all of the requested information in the response.
4. Refer to the Application, page 5. Licking Valley RECC asserts that it is requesting the rate case expense to be allowed recovery in the rates, and amortized over a three-year period.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- a. Provide the total rate case expense that has been accrued thus far.
  - b. Provide a breakdown of the total rate case expense that has been accrued thus far by category.
  - c. Provide the estimated total rate case expense.
  - d. Provide a breakdown of the estimated total rate case expense. Consider this a continuing request.
5. Refer to the Application, Exhibit 1.
- a. Licking Valley RECC states that there have been increased costs in many areas of its business. Identify all increased costs with an explanation regarding the same.
  - b. Licking Valley RECC asserts that it has mitigated some of the increased costs by management-driven cost reductions in categories such as labor expense by holding the line on employee wage raises, cutting overtime, maintaining adequate but not excessive employee headcount, extending the lives of expensive vehicles such as digger and bucket trucks, repurposing cost-intensive distribution equipment removed from the field such as regulators, transformers, or breakers instead of buying new equipment, an improved right-of-way/vegetation management plan, deployment of an effective Advanced Metering Infrastructure (“AMI”) and office communication systems, deployment of an efficient Outage Management system utilizing updated Global Positioning System (“GPS”) mapping of the Company’s service territory, and reductions in advertising and donation expense. Provide a detailed description of each cost reduction listed in the above-referenced statement, and provide the correlating amount that was saved.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

6. Refer to the Application, Exhibit 7, the Testimony of Kerry Howard, President and Chief Executive Officer (“Howard Testimony”), page 2. Mr. Howard states that he has been employed as either General Manager or President/Chief Executive Officer at Licking Valley RECC for the past 14 years.
  - a. Provide the names, positions, salaries, and date of hire for all employees of Licking Valley RECC who are related to Mr. Howard, if any.
  - b. Provide the names of all members of the Licking Valley RECC’s Board of Directors who are related to Mr. Howard, if any.
  - c. Explain whether Licking Valley RECC has a Nepotism Policy. If so, provide a copy of the policy. If not, explain why a Nepotism Policy is not in place, and whether Licking Valley RECC is agreeable to implementing one.
7. Refer to the Howard Testimony, pages 3 - 4. Mr. Howard states that Licking Valley RECC provides retail electric service to approximately 17,272 meters for 12,193 members. Mr. Howard further states that as of December 31, 2019, Licking Valley RECC had 16,187 residential meters and 1,085 commercial and industrial meters. Refer also to the Application, page 1, in which Licking Valley RECC states that it provides retail electric power to approximately 17,272 members. Reconcile these two statements and provide how many meters and members Licking Valley RECC has, and if the former statement is correct then explain why there are approximately 5,000 more meters than members.
8. Refer to the Howard Testimony, page 4. Mr. Howard generally refers to the deployment of AMI.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- a. Explain whether the AMI project has completely been deployed, as well as the implementation date for the AMI project.
- b. Explain how Licking Valley RECC is recovering the cost of the AMI. Ensure to explain whether all of the AMI costs have previously been included in Licking Valley RECC's rates, and if not, identify the monetary amounts associated with the AMI that are included in the pending rate request.
- c. Has Licking Valley RECC included any savings in the pending case associated with the AMI project? If so, identify the amount of savings and where it is included in the pending rate case.
- d. Provide a cost breakdown of all new savings and new costs arising as a result of the AMI project. Include in your response a discussion of whether the AMI deployment has resulted in cost reductions for the pre-pay program, and if so: (i) how; and (ii) provide a quantification of all such cost reductions.
- e. Provide the meter reading staff head count, including all full-time, part-time and/or contracted readers, both: (i) prior to the initiation of the AMI project; and (ii) the number of all such staff in the current test year.
- f. Explain in detail whether the AMI project has allowed Licking Valley RECC to reduce the number of meter readers on staff. If so, identify the correlating amount of savings and where it is included in the pending rate case.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

9. Refer to the Howard Testimony, page 5.
  - a. Mr. Howard states that stagnant customer and load growth is directly related to the poor economy in the service territory. Provide the customer and load growth for the years 2015 – present day.
  - b. Explain in detail whether Licking Valley RECC is concerned that increasing electricity prices will make it even more difficult to attract much needed businesses and jobs to its service area.
10. Refer to the Howard Testimony, page 6, in which he acknowledges that eastern Kentucky has been in an economic crisis for several years. When coupled with further economic devastation caused by the COVID-19 pandemic, explain how Licking Valley RECC believes that its customers can afford for the electricity rates to increase at this time.
11. Refer to the Howard Testimony, page 6. Mr. Howard asserts that when comparing 2010's energy sales to 2019, Licking Valley RECC has experienced a 12% decline in residential sales and a 14% decline in commercial and industrial sales that resulted in a 13% overall decline in total energy sales.
  - a. Explain in detail whether Licking Valley RECC cooperates and/or works on economic development projects with local entities.
  - b. Due to the large volume of decreasing sales, has Licking Valley RECC discussed merger with any other rural electric cooperative corporation ("RECC")? If not, explain why not.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

12. Refer to the Howard Testimony, page 6. Mr. Howard states that Licking Valley RECC is monitoring staffing levels, and currently has 41 full-time employees down from a historical high of 48 employees in 2010.
  - a. Explain in detail what opportunities there are to gain efficiencies and reduce cost in regards to Licking Valley RECC's staffing levels.
  - b. Explain in detail whether Licking Valley RECC has analyzed the required staffing levels that are necessary due to the continued decline in customer base and electricity usage. Provide all analyses of the same. If no analysis has been performed, explain in detail why not.
  - c. Provide the number of full-time employees that Licking Valley RECC had for the years 2010 – 2020.
13. Refer to the Howard Testimony, pages 6 – 7. Mr. Howard states that by formal Resolution the Board of Directors directed the management to seek the rate relief requested in this case. Did any member of the Board of Directors vote not to proceed with the pending rate case? If so, provide the number of members that voted no, and the rationale for doing so.
14. Refer to the Application, Exhibit 8, the Direct Testimony of Sandra N. Bradley, Accountant ("Bradley Testimony"), page 5. Ms. Bradley states that as of December 31, 2019, the Company's residential load accounted for approximately 78% of the total energy usage and approximately 75% of total revenue from energy sales. Ms. Bradley further states that the commercial customers account for approximately 22% of Licking Valley's total energy usage and represents approximately 25% of revenue from energy sales. Explain why information for industrial customers was not provided in the above-referenced statement.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

If Licking Valley RECC is combining commercial and industrial customers, then separately provide the approximate percentage of total energy used and the approximate percentage of revenue contributed to energy sales as of December 31, 2019, for commercial customers and industrial customers.

15. Refer to the Bradley Testimony, page 6, in which Ms. Bradley states that Licking Valley RECC's lenders are RUS, FFB, and CFC, and that as of December 31, 2019, the outstanding principal balance on the Company's long-term debt is \$31,678,482. Of this amount, approximately 10% is at a fixed rate with a blended rate of 5.18%, and 90% is at variable interest rates with a blended rate of 1.77%. For its short-term borrowing needs Licking Valley RECC has a \$2,000,000 line of credit with CFC for general operations.

- a. Explain whether Licking Valley RECC has inquired as to the economic feasibility of refinancing any of the debt with the fixed blended interest rate of 5.18%. If so, provide examples of the same. If not, explain why not.
- b. Explain whether Licking Valley RECC plans to convert any of the variable interest loans to a fixed rate loan while interest rates are still at historically low levels.
- c. Provide the balance of the \$2,000,000 line of credit with CFC, as well as the applicable interest rate.

16. Refer to the Bradley Testimony, pages 6 – 7, in which Ms. Bradley states that because Licking Valley RECC has been required to borrow more money for its construction work plan and other needs, total interest expense has increased substantially.

- a. Provide a detailed description and copy of Licking Valley RECC's construction work plan.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- b. Elaborate on what “other needs” have required Licking Valley RECC to borrow money.
17. Refer to the Bradley Testimony, page 7, in which Ms. Bradley states that Licking Valley RECC does not propose to adjust its depreciation rates, but the Company’s depreciation expense has increased by approximately 15% since the 2016 rate case. Explain in detail why the depreciation expense has drastically increased since 2016.
18. Refer to the Bradley Testimony, page 7, in which Ms. Bradley asserts that as of December 31, 2019, Licking Valley RECC had 43 employees, including 41 full-time and 2 part-time employees. Ms. Bradley then states that currently, Licking Valley has 41 full-time employees. Of the 43 employees during 2019, 5 were salaried and 38 were hourly employees.
  - a. Explain whether Licking Valley currently employs the above-referenced 2 part-time employees.
  - b. If the answer to (a) is that Licking Valley does not currently employ the 2 part-time employees, explain whether Licking Valley RECC agrees that all costs associated with these positions should not be included in rates. If Licking Valley RECC does not agree with this statement then explain why not in detail.
  - c. Provide a position title and job description for each part-time employee.
  - d. Provide the number of employees that Licking Valley RECC employs as of the date of this request, designated by full-time and part-time status.
  - e. Provide the job titles of the 5 salaried positions, and specify whether these positions are non-union or union.



Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- f. Specify whether the 38 hourly employees are non-union or union.
  - g. If Licking Valley RECC has union employees, provide a copy of the union contract.
19. Refer to the Bradley Testimony, pages 7 – 8. Ms. Bradley states that Licking Valley RECC offers health insurance, life insurance, long-term disability, and participation in a 401(k) defined-contribution plan. Ms. Bradley further asserts that as of the test year, Licking Valley RECC paid 100% of health insurance premiums for single coverage, and 89.63% for family coverage. However, Ms. Bradley states that as of September 1, 2020, all employees began paying 10.37% toward the health insurance premiums.
- a. What year did Licking Valley RECC begin requiring employees to contribute toward family insurance coverage?
  - b. Explain why Licking Valley RECC found it reasonable to contribute 100% toward health insurance premiums for employees.
  - c. Provide a detailed account of the long-term disability insurance that Licking Valley provides to its employees. Ensure to include the percentage amounts that Licking Valley contributes versus what the employee contributes to long-term disability insurance.
  - d. Provide a detailed account of the 401(k) defined-contribution plan that Licking Valley RECC provides to its employees. Ensure to include the contributions that Licking Valley RECC makes versus contributions the employees make to the 401(k) defined-contribution plan.
  - e. Explain whether Licking Valley RECC provides a pension plan to any of its employees, and if so, provide the details of the pension plan.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- f. Identify whether any employee participates in both a pension plan and the 401(k) plan.

20. In the final Order of Case No. 2016-00174, the Commission stated that it “expects Licking Valley to increase its efforts to reign in expenses for employee benefits by establishing a policy of limiting Licking Valley's contribution to health insurance premiums and requiring that all employees pay some portion of the premium. The Commission finds that Licking Valley should limit its contributions to its employees' health plans to percentages more in line with those of other businesses in order to reduce its expenses. Accordingly, the Commission will for ratemaking purposes adjust test-year health expense for all employees based on national average employee contribution rates.” The Commission based the adjustment on a 32 percent national average employee contribution rate for family coverage and 21 percent national employee contribution rate for single coverage.

- a. Does Licking Valley RECC plan to move the employee contribution rates for insurance toward the national average or stay at only 10.37%? If not, explain in detail why not.
- b. Explain in detail how Licking Valley RECC formulated the 10.37% employee contribution rate for the health insurance premiums. Ensure to include whether Licking Valley RECC reviewed specific national, state, or local data when creating the contribution rate.
- c. Explain why Licking Valley RECC believes that a 10.37% employee contribution rate toward insurance coverage is reasonable when the national averages are much higher.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- d. Provide the retiree contribution rate for single and family health insurance coverage.
  - e. Explain whether Licking Valley RECC plans to modify the retiree contribution rates in the future.
21. In the final Order of Case No. 2016-00174, the Commission stated that it would “accept the test-year expense for life insurance for full-time employees in this case. However, in its next rate case filing, Licking Valley's request for cooperative paid life insurance should be capped at the lesser of an employee's annual salary or \$50,000.” Explain in detail whether Licking Valley RECC caps paid life insurance for its employees at the lesser of an employee’s annual salary or \$50,000. If not, explain why not.
22. In the final Order of Case No. 2016-00174, the Commission stated that “Licking Valley was unable to provide salary and wage information specific to its service area for all of its employee positions. The Commission has begun placing more emphasis on evaluating salary and benefits provided by electric cooperatives as they relate to competitiveness in a broad marketplace, as opposed to wage and salary studies limited exclusively to electric cooperatives, electric utilities, or other regulated utility companies. In its next rate application, Licking Valley will be required to include a formal study that provides local wage and benefit information for Licking Valley's operating area and to include state data where available.”
- a. Provide the formal study providing local wage and benefit information for Licking Valley RECC’s operating area that the Commission ordered the Company to submit.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- b. If Licking Valley RECC did not conduct a formal study that provides local wage and benefit information for Licking Valley's operating area then explain in detail why it was not performed.
23. Refer to the Bradley Testimony, page 8, in which Ms. Bradley states that typically wage adjustments have been given across the board to the Company's employees. Ms. Bradley further asserts that Licking Valley RECC just concluded a comprehensive wage and salary review by a noted wage and salary consultant, and in the future this wage and salary survey will be used as a benchmark for setting and maintaining employee wages and an evaluation process will be gradually introduced.
  - a. Explain the current process of awarding wage/salary increases. For example, does the CEO negotiate wage/salary increases with the union, and then turn around and provide the same wage/salary increase to non-union employees, including himself? Explain the process in detail.
  - b. Provide a copy of the wage and salary review as referred to in the above-referenced statement.
  - c. Provide the name of the wage and salary consultant.
  - d. Explain whether this wage and salary review includes the salary/wage and benefit information specific to its service area for all of its employee positions.
  - e. Explain why Licking Valley RECC has not utilized an evaluation process up until the present date.
  - f. Identify the date that Licking Valley RECC intends to begin using an evaluation process.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

- g. Explain whether Licking Valley RECC envisions the future evaluation process to be tied to all potential wage/salary increase. If not, explain why not.
- h. Provide the position title and salary for each salaried employee for the years 2015 – 2020.
- i. Provide the average raise that Licking Valley RECC provided to its salaried employees for the years 2015 – 2020.
- j. Provide the average bonus that Licking Valley RECC provided to its salaried employees for the years 2015-2020.
- k. Provide all awards given to the salaried employees for the years 2015 – 2020.
- l. Provide all vehicle allowances given to the salaried employees for the years 2015 – 2020.
- m. Provide the position title and wages for each non-salaried employee for the years 2015 – 2020.
- n. Provide the average raise that Licking Valley provided to its non-salaried employees for the years 2015 – 2020.
- o. Provide the average bonus that Licking Valley provided to its non-salaried employees for the years 2015 – 2020.
- p. Provide all awards given to the non-salaried employees for the years 2015 – 2020.
- q. Provide all vehicle allowances given to the non-salaried employees for the years 2015 – 2020.
- r. Has Licking Valley RECC already decided what average raise, if any, will be given to salaried and non-salaried employees for 2021? If so, provide the average raise,

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

and explain whether Licking Valley RECC is taking the COVID-19 pandemic and the resulting economic downturn into consideration when awarding raises.

24. Refer to the case generally. Provide a detailed explanation of all salary and benefits that Licking Valley RECC provided to the members of the Board of Directors during the years 2015 – 2020. Ensure to provide the salary amounts, and specific details regarding all benefit packages including but not limited to health, dental, vision, accidental death and disability, life insurance, bonuses, awards, vehicle allowances, and the like.

- a. Provide the total amount of Licking Valley RECC Board of Directors' fees for the test year.
- b. Provide a breakdown of the total amount of the Licking Valley RECC Board of Directors' fees for the test year.
- c. Discuss if there will be any changes to the Board of Directors' salaries and/or benefit packages for 2021. If not, explain why not.

25. Refer to the Bradley Testimony, pages 9 – 10, in which Ms. Bradley stated that Licking Valley RECC's low-income customers are its highest energy users. Provide all documentation, including but not limited to all studies and analyses, which support this assertion.

26. Refer to the Direct Testimony of John Wolfram, Principal, Catalyst Consulting LLC ("Wolfram Testimony"), page 6, in which Mr. Wolfram states that residential members comprise 78% of test year energy usage and 76% of test year revenues from energy sales. Reconcile this statement with the Bradley Testimony, page 5, in which Ms. Bradley stated

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

that the residential load accounted for 78% of the total energy usage and approximately 75% of total revenue from energy sales.

27. Refer to the Wolfram Testimony, page 6, and explain why adjustments needed to be made to Licking Valley RECC's booked amounts in order to perform the cost of service study.

28. Refer to the Wolfram Testimony, page 12, and explain why East Kentucky Power Cooperative ("EKPC") has not paid any capital credits to Licking Valley RECC.

29. Refer to the Wolfram Testimony, page 28, in which Mr. Wolfram states that Licking Valley RECC's actual revenue deficiency based on a target OTIER of 1.85 is \$1,095,880. However, due to the streamlined rate procedure, the Company is capped at a 2.25% overall increase, which limits its request to \$595,560. Explain why Licking Valley RECC decided to proceed with a streamlined rate case, instead of a general rate case.

30. Refer to Exhibit JW-2, Reference Schedule: 1.08.

a. Provide a breakdown of the following amounts.

i. \$8,672 in donations;

ii. \$60,785 for membership dues;

iii. \$10,568 for the annual meeting;

iv. \$105,473 in miscellaneous expenditures.

b. Explain why Licking Valley has not attempted to reign in some of the above spending, which may have allowed the Company to delay requesting a rate increase from its members.

31. Refer to Exhibit 21, and explain why Licking Valley anticipates the need to draw down funds in April 2021.

Electronic Application of Licking Valley Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407, Case No. 2020-00338

32. Refer to the Application, Exhibit 26.

- a. This exhibit reflects that as of September 1, 2019, the President and CEO had an annualized salary of \$118,957.64. Explain whether this includes any benefit amounts, or if it is only reflective of his yearly salary.
- b. Explain in detail why the President and CEO receives vehicle compensation, and whether it is common for other RECCs to provide vehicle compensation.
- c. Explain why the President and CEO was awarded a 1.50% raise in 2019.
- d. Explain why the President and CEO was awarded a 2.00% raise in 2017.
- e. Explain why the President and CEO received a bonus of \$300 in 2018.
- f. Explain why the President and CEO's annualized salary went from \$123,671.33 in 2017 to \$118,957.64 in 2019.
- g. For the President and CEO, provide the salary, raise, bonus, award, and vehicle allowance for 2015 – 2020.